



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

DATE: August 11, 2015
TO: Agency Heads and Fiscal Officers
FROM: Paul E. Potamianos, Executive Budget Officer
SUBJECT: FY 2017 Midterm Budget Adjustment Guidance

This letter provides guidelines for preparing technical adjustments to your agency's FY 2017 appropriated and capital budgets. Guidance memos, midterm adjustment software, a capital budget template, and instructions are available at the following link:

<http://www.ct.gov/opm/cwp/view.asp?a=2961&Q=569362&PM=1>

Operating Budget Technical Adjustments – Due September 8, 2015

In accordance with CGS 4-77, requests for technical adjustments to your FY 2017 appropriations must be submitted to OPM. The starting point for all technical adjustments is the enacted budget for FY 2017: Public Act 15-244, as amended by Public Act 15-5 (June Special Session).

Technical adjustments may include:

- Changes due to legislation that was passed in the 2015 legislative session without the proper adjustment to the budget. This includes any mergers or program restructurings. This does not include items to be funded “within available appropriations”;
- Revised estimates for entitlements, court-mandated or formula-driven expenditures; or
- Adjustments due to new facilities coming on-line but not previously budgeted or for facilities scheduled to close which were not properly reflected in the budget.

Technical adjustments should not include:

- Adjustments to offset any holdbacks implemented as part of the enacted budget. OPM will monitor these over the course of the year and will recommend any necessary changes centrally;
- The pick-up or extension of any items funded from prior year funds carried forward, or federal or private funds. If there is an unfunded FY 2017 requirement, it is expected that you will seek to reallocate funds within current resources; or
- The impact of collective bargaining agreements. OPM will work with affected agencies to make any required adjustments through a centralized process.
- Reallocations of funds between appropriated accounts. Such realignments should be submitted as part of the option process.

Budget Options – Due October 16, 2015

Budget options represent the fiscal outcome of policy changes to the enacted budget. Budget options fall into the following categories:

Reduction options: All agencies are required to submit realistic and achievable reduction options that will result in a reduction of five percent (5%) of the agency's total FY 2017 appropriations. In developing these options, agencies should expect that any holdbacks applied in FY 2016 will continue into FY 2017, and plan to identify reductions beyond these amounts.

Reallocation options: Reallocation options provide an opportunity for an agency to propose shifting resources between appropriations and programs in order to address higher priority needs, as well as to realign funding to accounts that better support particular program activities. These options are "zero-based" in nature. An agency that has identified a need to consolidate or shift resources between programs or accounts should submit a reallocation option. Reallocations to offset the potential loss of revenue or federal funds should be clearly identified in your submission.

Revenue options: Agencies may submit revenue options where the cost/benefit is clearly advantageous to the state. Any request for appropriations or positions necessary to secure additional revenue should be made sparingly, recognizing the need to constrain expenditure growth and the general economic conditions; to the extent possible, revenue options should be proposed within available resources.

As noted in Secretary Barnes' August 11, 2015 letter, we will notify you directly if the Governor wants your agency to submit a formal proposal or proposals addressing any specific new policy initiatives affecting your agency.

Capital Budget – Due October 16, 2015

Agencies should keep in mind that there is a statutory cap on general obligation debt. Any requests for additional bonding should only reflect unforeseen funding for projects that must be completed in FY 2017. Agencies may also request to reallocate amounts that have already been authorized. As with the operating budget, any requests for expansion of existing bond-funded programs or projects or for new projects or programs will be limited and made pursuant to directions from the Secretary of OPM after discussions with the Governor regarding his policy initiatives. Further instructions regarding your capital budget submittal are attached and are also available at the link referenced in the opening paragraph of this letter.

Descriptions of Agency Purpose– Due September 28, 2015

The Governor's midterm budget book will include a concise statement of agency purpose. Instructions for accessing and editing the agency descriptions that were used in the last budget book will be provided by September 1st.

Guidance and Assistance

Operating budget: For technical questions related to the budget request software, please contact Scott McWilliams at scott.mcwilliams@ct.gov. For questions regarding budget or policy issues, please contact your assigned OPM budget analyst.

Capital budget: For questions regarding budget or policy issues, please contact Steve Kitowicz at steven.kitowicz@ct.gov or Brian Tassinari at brian.tassinari@ct.gov.

Submission

Please provide your requested technical adjustments and capital budget submission to your assigned OPM analyst in accordance with the submission guidance outlined in OPM's software instructions. Additionally, provide hard copies to the legislature's Office of Fiscal Analysis. Due dates are reiterated below:

- Operating Budget Technical Adjustments: September 8, 2015
- Agency Descriptions: September 28, 2015
- Capital Budget Revisions: October 16, 2015
- Operating Budget Policy Options: October 16, 2015

cc: Alan Calandro, Office of Fiscal Analysis